Briefing to the Incoming Minister of Energy & Resources

November 2020

EECA
TE TARI TIAKI PŪNGAO
ENERGY EFFICIENCY & CONSERVATION AUTHORITY

Summary of key messages

Information withheld under section 9(2)(f)(iv)

Building Back Better

- There is significant potential to do more to support the economic recovery and accelerate the transition to a low-emissions economy. EECA's existing programmes and Government investments (such as the $200 million State Sector Decarbonisation Programme and the $70 million Government Investment to Decarbonise Industry), can be scaled up to support these priorities.
- EECA will brief you shortly on the Government's proposal to increase funding for EECA's business engagement programmes, to consider how we can maximise the benefit of these investments.

Warm, Dry Homes

- Residential energy use represents a small share of emissions, but energy efficiency programmes have multiple benefits including lower energy costs and improved health outcomes.
- [redacted]

Sustainable, Secure and Affordable Electricity

- Energy efficiency unlocks decarbonisation by reducing peak demand and freeing up capacity for the electrification of the transport and process heat sectors.
- EECA's ability to update the energy performance standards of products, services and vehicles, could be a more powerful tool in decarbonising the economy.
  - [redacted]
  - EECA will also provide advice on 'low-hanging fruit' opportunities under the existing regime to improve the efficiency of lighting and water heating.
- EECA's brand is widely recognised throughout New Zealand and we have a strong reputation for delivering programmes that benefit New Zealand businesses and households. We deliver value for New Zealanders and our experience with large scale consumer campaigns means we have the capability to mobilise a wider audience to adopt clean and clever energy use.

Clean Transport

- Transport is a priority sector for decarbonisation (it represents 48% of our energy-related emissions) and stronger policy is required to unlock this opportunity. EECA is working closely with other government departments to identify high impact programmes to support this objective.
- EECA supports a vehicle fuel economy standard for the light vehicle fleet (as signalled by the incoming Government), and financial incentives to overcome the barrier of higher purchase prices for EVs.
- EECA will brief you soon on options to build on the existing Low Emission Vehicle Contestable Fund to deliver additional emissions reductions in the transport sector.

Clean Industry

- EECA supports industry decarbonisation through a number of programmes, and the size of the challenge means there is significant potential to do more.
- EECA is well positioned to scale-up our business programmes to accelerate decarbonisation of process heat and further support the Government's objectives of transitioning industry to clean energy.
- EECA will brief you soon on options to build on these existing programmes, including advice on the first projects to receive co-funding from the Government Investment to Decarbonise Industry (GIDI) programme and options to increase funding for our business engagement programme.

Please find attached:

An A3 on EECA's strategy and work programme

An A3 on New Zealand's emissions and energy profile by sector.

EECA is delivering against your priorities for 2020/21

In your annual Letter of Expectations for 2020/21 you asked EECA to continue delivering on the Government's priorities to build a productive, sustainable and inclusive economy, and to improve the wellbeing of New Zealanders and their families.

You will soon receive the latest update on our progress in the next quarterly report for the first quarter 2020/21

Your priorities	Our progress
Sharing insights and encouraging innovation	
Working within and outside government to encourage innovation in energy use	• Through our Gen Less campaign we are motivating New Zealanders to reduce their energy-related emissions. We recently launched a follow up campaign, The Power of No, and will report progress as this develops. • Since January 2020, we have allocated $80 million in capital funding to help universities, schools, hospitals, and other State sector organisations reduce their emissions. We expect to allocate the balance of funding by June 2021. • We are ambitious about the role energy efficiency and renewable energy can play in meeting New Zealand's climate goals, and are contributing policy and technical support to help MBIE, MfE and MOT develop robust policy options to transition to a low-emissions, climate resilient New Zealand (e.g. the Government's first Emissions Reduction Plan due end 2021). • We are developing the TIMES-NZ integrated energy systems model to provide insight into the least-cost options to meet energy demand and emission reduction opportunities (we have completed the transport, industrial and electricity generation sectors and are currently working on the commercial, residential and agricultural sectors). • In September 2020, we published the updated Energy End Use Database, which estimates national energy consumption broken down by fuel type, sector, end use and technology. • We are continually working closely with our MBIE colleagues to optimise policy options and maximise programme outcomes.
Supporting small-scale community energy projects	• We are providing policy and technical support to the cross-government energy hardship work programme led by MBIE, which has a small amount of funding to support community energy solutions. • EECA is providing support, including funding, for LED giveaway trials predominantly targeted at low-income households, a Home Performance Assessment online training course and an electricity plan switching trial. • We would welcome an early discussion with you on further opportunities to support community energy projects and energy innovation, noting EECA does not currently have dedicated resource to support this activity.

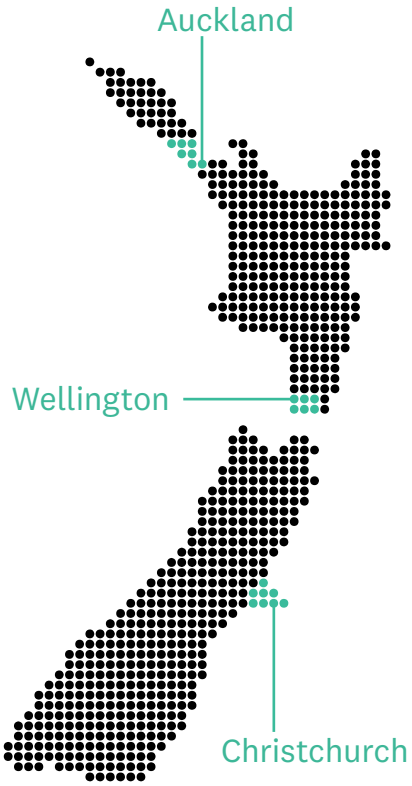
Your priorities	Our progress
Energy-using product regulation review	
Updates and improvements to EECA's regulatory regime	• With MBIE, EECA completed a review of the E3 product regulations, identifying a number of areas where the current regime is no longer fit-for-purpose. We briefed you on the findings of the review, [redacted]
Effectively delivering programmes	
Warmer Kiwi Homes	• There has been a massive increase in demand since the grant rate was increased in April 2020 (from 67% contribution to 90%). Over 40,000 retrofits are now forecast to be completed in 2020/21 (our original target was 25,000). [redacted]
Process heat programmes	• Through our Energy Transition Accelerator and other business engagement programmes we continue to work alongside businesses to improve their energy efficiency, and reduce process heat emissions by switching from fossil-fuels to renewables. • We have also established the new $70 million Government Investment to Decarbonise Industry (GIDI) programme, which significantly increases our capacity to help businesses reduce process heat emissions. You will launch the first funding round in November, and successful projects will be announced in early 2021.
Transport programmes	• In 2020/21, the Low-Emissions Vehicles Contestable Fund (LEVCF) has continued supporting uptake of innovative low-emission vehicles and rollout of public EV charging infrastructure. In August 2020 you announced $3.2 million in government co-funding for the latest round of projects, and we will brief you on the next round of projects in early 2021. We will also brief you soon on the future of the LEVCF, following our review of the programme and the incoming Government's commitment to increase funding for the LEVCF.

Strategic Context – Energy efficiency, conservation and renewable energy

EECA is a Crown entity with 95 staff based in offices in Wellington, Auckland, and Christchurch. EECA was established under the Energy Efficiency and Conservation Act 2000 to promote renewable energy, energy efficiency and conservation. The Ministry of Business, Innovation and Employment (MBIE) is EECA's monitoring agency and advises you on EECA's performance.

EECA's mission is to mobilise New Zealanders to be world leaders in clean and clever energy use. This will help ensure that we have a sustainable, secure and affordable energy system that supports the prosperity and wellbeing of current and future generations. We are at the heart of supporting the Government's transition to a low-emissions, climate-resilient New Zealand, and the economic recovery from COVID-19.

The energy and transport sectors are the most critical energy-related areas to decarbonise our economy. Switching process heat to renewables, and shifting transport to low/zero emissions vehicles, modes and fuels, will be critical.



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STAFF

How EECA supports the Government's priorities

The incoming Government has signalled a range of priorities and policies that EECA will deliver or support. In the sections that follow, we describe how EECA supports the Government's priorities under the following policy areas outlined by the Government:

Building back better

Ensuring the economic recovery from COVID-19 supports a just transition to a low-carbon, climate-resilient economy and society

Warm, dry homes

Ensuring that New Zealanders realise the health and cost saving benefits of living in energy-efficient homes

Sustainable, secure and affordable electricity

Supporting the Government's objective of reaching 100% renewable electricity generation by 2030 while balancing the 'energy trilemma'

Clean transport

Supporting the long-term decarbonisation of the transport sector, and

Clean industry

Supporting the long-term ecarbonisation of process heat.

Building back better

Energy efficiency can play a central role in the economic recovery from COVID-19

Energy efficiency stimulates growth, creates jobs, enhances energy security and resilience, and reduces emissions. According to the International Energy Agency, for every $1.00 invested in energy efficiency retrofits for houses and small businesses, $0.60 goes to support labour. For example in the United States, the energy efficiency sector is the biggest employer within the clean energy sector, with efficiency jobs paying between $2 and $5 more than the national average wage.

EECA has a strong record of delivery. There is significant potential to scale up EECA's existing programmes to meet the Government's economic recovery and decarbonisation ambitions.

EECA is delivering the new $70 million Government Investment to Decarbonise Industry (GIDI) programme, which will provide businesses with government co-funding to accelerate decarbonisation of process heat. This complements EECA's existing business engagement programme, which supports businesses to establish their long-term decarbonisation pathways and to optimise their energy use. The incoming Government has signalled its intent to increase funding for this engagement (from $4.6 million to $8 million), and EECA will soon provide advice with MBIE on how we could deliver this.

According to the International Energy Agency

EVERY $1 invested in energy efficiency retrofits for houses and small businesses

60¢ goes to labour costs

Government leadership is essential to unlock decarbonisation across the economy

EECA estimates the State Sector emits around 586,000 tonnes of CO2-e per annum from its energy use. By reducing its own emissions ("walking the talk"), government can catalyse the wider economy to transition.

EECA is overseeing the four-year $200 million **State Sector Decarbonisation Programme**, which is part of the Government's **New Zealand Upgrade Programme**. We have already committed nearly $80 million to a range of projects, with a focus on replacing coal with low-emissions biomass or electricity for heating in universities, schools, hospitals and defence facilities. In November we will recommend the next tranche of decarbonisation projects to the Minister of Finance and Minister for Climate Change, who will consult you on these decisions.

The Government has signalled it will mandate core Public Service agencies to adopt minimum energy efficiency standards for office buildings during the leasing process. EECA administers the **National Australian Built Environment Rating System New Zealand (NABERSNZ)**. This is currently voluntary for public sector organisations, but will be mandated from January 2021 for new and renewed leases.

EECA is also overseeing delivery of five of the Infrastructure Reference Group's 'shovel ready' projects:

1. A hydrogen refuelling network proposed by Hiringa Energy
2. [redacted] [currently unannounced] — Information withheld under section 9(2)(j)
3. A sludge dryer delivered by New Plymouth District Council
4. A district renewable heating scheme in Invercargill delivered by Great South, and
5. An Otago home energy retrofit pilot programme delivered by Blueskin Energy.

EECA estimates the State Sector emits around

586k

Tonnes of CO^2 per annum

from energy use

Key points – Building back better

- There is significant potential to do more to support the economic recovery and accelerate the transition to a low-emissions economy. EECA's existing programmes and Government investments (such as the $200 million State Sector Decarbonisation Programme, or the $70 million Government Investment to Decarbonise Industry), can be scaled up to support these priorities.
- EECA will brief you shortly on the Government's proposal to increase funding for EECA's business engagement programme, to consider how we can maximise the benefit of this investment.

Warm, dry homes

The residential sector is a relatively small source of emissions (0.9%, excluding emissions from electricity generation), but energy efficiency efforts in this sector have multiple and significant benefits

The residential sector is one of the smaller energy-use sectors (about 11% of total fuel demand, excluding transport) and the energy used is mostly electricity, which means a lower GHG contribution and lower potential for GHG savings on average. However, government activity in the residential sector remains important because:

- New Zealand has a poor-quality housing stock, and efficiency improvements in this sector have significant co-benefits. These include improving health and wellbeing, creating jobs, and supporting equity and energy affordability.
- Improving energy efficiency and demand management in the residential sector will significantly reduce peak demand, with related network and social benefits.

The Government has signalled its intention to introduce **Energy Performance Certificate** ratings for residential buildings. EECA will provide you with advice on this soon (in conjunction with MBIE and HUD).

There is an opportunity to shape Warmer Kiwi Homes' long-term future in light of the COVID-19 recovery

Information withheld under section 9(2)(f)(iv)

The **Warmer Kiwi Homes** insulation and heating retrofit programme is one of EECA's most well-known and successful programmes. Over 31,000 insulation and heating retrofits have been installed under the programme between July 2018 and September 2020.

[redacted]

Energy efficiency plays a significant role in addressing energy hardship

As highlighted by the Electricity Price Review, **energy hardship** remains a problem in New Zealand. By improving housing performance and helping manage electricity use, EECA's residential energy efficiency programmes are part of the solution to energy hardship. We are also providing technical and policy support to the cross-government work on energy hardship being led by MBIE.

EECA is also overseeing delivery of one of the Infrastructure Reference Group's 'shovel ready' projects, in which Blueskin Energy will deliver comprehensive **home energy retrofits** to low-income households in Otago. Lessons from this project will inform any future activity in this space.

Key points – Warm, dry homes

- Residential energy use represents a small share of emissions, but energy efficiency programmes have multiple benefits for New Zealanders, including lower costs and health benefits.
- [redacted]

Sustainable, secure and affordable electricity

Balancing the energy trilemma is key to transitioning to a net-zero emissions economy

Leveraging New Zealand's highly renewable electricity to decarbonise transport and industry will be critical to transitioning to a net-zero emissions economy. Decarbonisation through electrification will mean managing the trilemma between energy sustainability, security and affordability.

Meeting New Zealand's periods of peak demand will be a key challenge for an electricity system highly dependent on intermittent renewable sources like hydro, wind and increasingly solar. New Zealand will also need to manage the 'dry year problem', which is currently made possible by fossil fuel-based generation.

The Government has commenced the NZ Battery project to provide comprehensive advice on the technical, environmental and commercial feasibility of a potential pumped hydro energy storage project at Lake Onslow. EECA's view is that this project needs to comprehensively explore and compare all feasible options for addressing the dry year problem, to find the most economically and technologically efficient solution.

Energy efficiency and distributed energy resources will be critical to achieving a 100 percent renewable electricity system that is also secure and affordable

With electricity demand forecast to increase, energy efficiency will continue to be critical to balancing system-wide affordability with security and sustainability. EECA estimates that (economically and technically feasible) electricity efficiency improvements could save the equivalent of up to 10-12 percent of current electricity demand, freeing up the low-carbon renewable electricity needed to partially electrify transport and process heat, reducing costs for consumers, and helping improve energy security. This reduces the total cost of decarbonisation across the economy.

Regulating the energy performance of products, services and vehicles could support the long-term low-emission transition

Since 2002, the trans-Tasman **Equipment Energy Efficiency (E3)** regulations have saved New Zealand 50.37 PJ of electricity, equating to $1.23 billion of national benefit, and 1.98 Mt of carbon emissions. This is a low-profile but high impact programme with opportunities to broaden its coverage and increase its stringency to unlock further energy cost savings for consumers over the long run.

There are two key opportunities in this area:

- [redacted]
- [redacted]

The standard making powers are no longer fit-for-purpose and legislative change is required

A 2019 review found the energy performance standards are no longer keeping pace with market and technological changes, and are out of step with regulatory best practice and comparable regimes. They are also limited in what they can deliver because of the strict focus on stand-alone appliances and equipment.

Changes to EECA's primary and secondary legislation are required to ensure the standards remain fit-for-purpose and can support the Government's long-term priorities. These changes will make it easier to integrate variable renewables, manage peak demand, reduce the need for fossil fuel-fired peaking generation capacity, and avoid costly transmission and distribution investment.

[redacted]

There are also opportunities for new minimum energy performance standards

Further, there are significant opportunities to increase energy efficiency performance in residential lighting (i.e. incandescent bulbs) and residential water heating. These represent 'low hanging fruit' where significant energy savings can be unlocked by preventing low-performing products entering the market.

EECA also plays a role in supporting development of distributed energy resources (i.e. distributed generation, storage, flexibility and demand response)

Another way to optimise the efficiency of the electricity system is to shift residential demand away from peak periods and to align it with periods of high grid supply. EECA and other government agencies (particularly MBIE and the Electricity Authority) are working to enable this by supporting the development of flexible markets, which will ensure that distributed energy resource technologies – e.g. solar PV, battery storage, and EVs with smart charging capability – produce the most value.

[redacted]

Key points – Sustainable, secure and affordable electricity

- Energy efficiency unlocks decarbonisation by reducing peak demand and freeing up capacity to electrify the transport and process heat sectors
- EECA has the ability to update the energy performance standards of products, services and vehicles, and we believe this could be a powerful tool in decarbonising the economy
  - [redacted]
  - EECA will also provide advice on 'low-hanging fruit' opportunities under the existing regime to improve the efficiency of lighting and water heating.
- EECA's brand is widely recognised throughout New Zealand and we have a strong reputation for delivering programmes that benefit New Zealand businesses and households. We deliver value for New Zealanders and our experience with large scale consumer campaigns means we have the capability to mobilise a wider audience to adopt clean and clever energy use.

Clean transport

Transport is one of the best opportunities to meaningfully reduce our greenhouse gas emissions

The best opportunities to reduce transport emissions are presently in the light vehicle fleet:

- Significantly increasing uptake of low/zero emission vehicles coming into the fleet
- Improving the efficiency of fossil fuel vehicles entering the country.

Heavy freight vehicles, maritime and aviation are harder to decarbonise as the technology and required scale is still developing globally and so capital and operating costs are major barriers.

EECA has an important role to play in cross-government effort to decarbonise transport

EECA is supporting the Ministry of Transport to develop policy options to reduce transport emissions as part of the Government's Emission Reduction Plan. The Government's election policies highlighted the contribution transport makes to New Zealand's greenhouse gas emissions, and included policies to:

- Increase funding for EECA's Low Emission Vehicle Contestable Fund

TRANSPORT IS

48%
of domestic energy related greenhouse gas emissions.

90%
Domestic transport emissions coming from road transport.

Transport is also the most rapidly increasing source of emissions.

99.9%
of the energy used in the transport sector comes from non-renewable sources.

- Introduce the 'Clean Car Standard' vehicle fuel efficiency standard developed in the last term of government
- Develop a green hydrogen roadmap and invest in green hydrogen opportunities
- Require all new council buses to be zero emission from 2025, with $50m available for regional councils to support the change.

We will work with MBIE and MOT to provide advice on how increased funding for our Low Emission Vehicle Contestable Fund could best be used

Since its launch in 2016, the Low-Emission Vehicle Contestable Fund (LEVCF) has committed $27m in government co-funding to 163 projects, matched by $55m in applicant funding. Following a recent review, we have identified an opportunity to pivot the LEVCF to focus on the areas of greatest impact:

- The government having a more active role in planning where new public EV chargers should be located, the specifications of those chargers and incentivising competition between providers.
- Supporting the uptake of medium and heavy commercial vehicles.

Before the end of the year EECA, MBIE and MOT will brief you on the future scope of the LEVCF.

EECA supports implementation of a vehicle fuel efficiency (Clean Car) standard and financial incentives for low-emission vehicles

EECA supports the introduction of the 'Clean Car Standard' as an essential step in decarbonising the transport sector. Without a robust vehicle fuel efficiency standard, New Zealand will remain a 'dumping ground' for both new and older, higher-emitting cars that cannot be sold in other jurisdictions that do impose vehicle efficiency or emissions standards.

The scale of the decarbonisation challenge means that, in EECA's view, a fuel efficiency standard needs to be complemented by financial incentives to reduce the upfront cost of low-emission vehicles until such time as price parity occurs. High purchase prices are presently the key barrier to low-emissions vehicles uptake.

EECA will continue to support cross-government work on biofuels and hydrogen for transport

There is potential role for hydrogen to help decarbonise transport, particularly for heavy vehicles and long-haul freight. EECA will work with MBIE on the development of the green hydrogen roadmap. The LEVCF is open to applications for hydrogen projects and we have already received several applications for hydrogen projects. However, as mentioned, the immaturity of the supply chain, lack of global scale for hydrogen and the production cost are currently making this option cost prohibitive. As noted earlier, we are also progressing due diligence of Hiringa Energy's proposal for a hydrogen refuelling network.

Biofuels will also potentially play a role decarbonising transport, particularly where electrification is not yet technologically or commercially viable, and to address the legacy of the existing internal combustion engine fleet. EECA provides technical and policy support to the cross-government biofuels working group led by MOT and MBIE.

Key points – Clean transport

- Transport is a priority sector for decarbonisation – it represents 48% of our energy-related emissions – and stronger policy is required to unlock this opportunity. EECA is working closely with other government departments to identify high impact programmes to support this objective.
- EECA strongly supports both a vehicle fuel economy standard for the light vehicle fleet (as signalled by the incoming Government), and financial incentives to overcome the barrier of higher purchase prices for EVs.
- EECA will brief you in the coming weeks on options to build on the existing Low Emission Vehicle Contestable Fund to deliver significant additional emissions reductions in the transport sector (as signalled by the incoming Government).

Clean industry

Process heat is the best non-transport opportunity to reduce our energy-related emissions

Businesses use 48% of New Zealand's energy – excluding transport - and generate 27% of our energy-related emissions. Reducing process heat emissions, both through energy efficiency and switching from fossil fuels to renewables (primarily biomass and electricity) is one of New Zealand's best opportunities to reduce emissions. Helping businesses manage this challenge will also be critical to achieving a just transition.

Energy investments are just one of many potential capital investments businesses consider, and businesses prioritise investments that either increase their revenue or increase their profitability. COVID-19 has exacerbated constraints on business investment in energy efficiency and renewable energy. EECA helps businesses overcome these barriers to optimise their energy productivity and start transitioning away from fossil fuels where it makes sense.

Government Investment to Decarbonise Industry (GIDI)

The $70 million **Government Investment to Decarbonise Industry (GIDI)** programme is the Government's key initiative for reducing industrial process heat emissions, and will help businesses replace coal and other fossil fuels (e.g. gas plays a major role as a fuel source for industry) with low-emissions options, primarily biomass and electricity. Leveraging co-funding from businesses, we expect to deliver meaningful emissions reductions and energy productivity improvements, as well as supporting regional economic activity and employment in industries that will be critical to supporting the long-term transition.

To ensure we get the best possible projects, the GIDI programme will be delivered on a contestable basis. We expect to commit the first tranche of funding to businesses in early 2021. Once the EECA Board has approved funding commitments, we will brief you and the Minister of Finance and the Minister for Climate Change.

EECA's direct business engagement and Energy Transition Accelerator programmes are well placed for expansion

EECA delivers funding and technical support to help businesses identify and invest in cost-effective energy efficiency and emissions reductions opportunities, and has partnerships with over 150 of the largest energy-using businesses in New Zealand. Through our **Energy Transition Accelerator (ETA)** programme, we will partner with at least 12 emissions intensive businesses in 2020/21 and help map their long-term transition to a low-emissions future.

These EECA programmes will help support industry to achieve the Government's goal of phasing out fossil fuels in process heat by preventing installation of new low and medium-temperature coal-fired boilers.

The incoming Government has signalled its intention to increase EECA's funding for these activities from $4.6 million to $8 million per year, to enable more businesses to trial new technologies and for EECA to undertake more intensive engagement, ensuring businesses don't deprioritise decarbonisation and energy efficiency. In the coming weeks, EECA and MBIE will brief you on how we plan to deliver this funding.

Access to robust, objective, and consistent data about business emissions is essential to inform the transition

MBIE has noted the need for objective, verifiable and consistent information to monitor and improve both government and industry strategies to reduce New Zealand's emissions. Better data means giving industry, consumers, and government the tools to make better decisions about improving energy efficiency and reducing emissions. Rapid technological improvements are changing the way businesses use energy, and better energy data will ensure government policy can continue to evolve and keep pace.

The Energy Efficiency and Conservation Act 2000 enables the Minister to make regulations requiring individuals to provide energy data for statistical purposes. EECA is considering options for how to use this legislative power and will brief you on this proposal as part of our advice on potential enhancements to EECA's regulatory regime before the end of the year.

Key points – Clean industry

- EECA supports industry decarbonisation through a number of programmes, but the size of the challenge means there is potential to do more.
- EECA is well positioned to scale-up our business programmes to accelerate decarbonisation of process heat and further support the Government's objectives of transitioning industry to clean energy
- EECA will brief you soon on options to build on these existing programmes, including advice on the first projects to receive co-funding from the Government Investment to Decarbonise Industry (GIDI) programme and options to increase funding for our business engagement programme (from $4.6 million to $8 million).

100 day priorities

Strategic priorities – opportunities to 'shift the dial'

Issue	Purpose	Indicative timing
Enhancing EECA's regulatory regime	[redacted]	End 2020
Clean Transport: Building on EECA's Low Emission Vehicle Contestable Fund (LEVCF)	EECA, MBIE and MOT will provide you with advice on options to build on our existing Low Emission Vehicle Contestable Fund to deliver significant emissions abatement in the transport sector, to inform delivery of the incoming Government's signalled commitment to the Fund.	End 2020
Clean Industry: Plan for delivering an additional $3.6m business funding	EECA and MBIE will provide you with advice on how to significantly expand our business engagement programmes, The incoming Government has committed to increasing EECA's business funding by $3.4 million, from $4.6 million to $8 million. EECA and MBIE will brief you on how we plan to deliver this funding.	End 2020
Warm, Dry Homes: Setting the future direction of the Warmer Kiwi Homes programme	Consumer demand for the Warmer Kiwi Homes programme has dramatically increased after receiving additional funding in Budget 2020 and increasing the government contribution rate from 67% to 90%. As a result, EECA has brought forward funding from 2021/22 to cover the shortfall in funding in 2020/21. [redacted]	End 2020

Tactical priorities – quick wins to hit the ground running

Issue	Purpose	Indicative timing
Implementation of the new Government Investment to Decarbonise Industry (GIDI)	We will brief you on projects funded through the Government Investment to Decarbonise Industry. Your approval is required for any projects with a proposed government contribution above $3.5 million.	February 2021
State Sector Decarbonisation Fund	EECA and MBIE will seek approval from the Minister of Finance and Minister for Climate Change to our next tranche of recommended decarbonisation projects (Tranche 4). The Minister of Finance and Minister for Climate Change will make decisions on projects in consultation with you.	Late November
E3 Regulatory Proposals	We will brief you on opportunities to improve the minimum energy performance of lighting and hot water systems through regulations, seeking your agreement to progress work in this area. [redacted]	Before end of 2020
Levy consultation 2021/22	EECA will seek your agreement to release our annual levy consultation document, which sets out our proposal for how we will use the electricity levy, petroleum and engine fuel monitoring levy, and gas levy.	November 2020
EECA Board appointments	The terms of three EECA Board members have lapsed. EECA considers (re)appointment of Board members a priority for you, as this would provide certainty and ensure the Board continues to draw on a broad range of experiences. We expect MBIE will brief you on this process shortly.	End 2020

Appendix – EECA 101

1 EECA's regulatory environment

EECA's strategy is informed by the New Zealand Energy Efficiency and Conservation Strategy 2017 – 2022 (NZEECS). The NZEECS is part of New Zealand's strategy to help achieve climate change goals and improve economic growth and productivity. Its goal is for New Zealand to have an energy productive and low emissions economy. Under the Energy Efficiency and Conservation Act 2000, you are required to make a decision whether to refresh or reinstate the NZEECS no later than six months before its five year term ends (in July 2022). EECA and MBIE will advise you on the NZEECS.

In 2021, EECA will refresh its Statement of Intent for the period 1 July 2022 to 30 June 2026.

2 How EECA is funded

EECA's total operating revenue in our Statement of Performance Expectations for 2020/21 is $108.081 million, made up of a relatively small baseline funding appropriation and programme-specific operational and grant funding. EECA's funding is sourced from general taxation and levies on electricity, natural gas, and engine fuels (petrol, diesel, ethanol and biodiesel)

A breakdown of the sources of EECA's revenue for 2020/21 is included in the table below.

Appropriation		Budget 2020/21 ($000)
Energy Efficiency and Conservation	Baseline	16,284
	Levies	14,300
	Support for decarbonisation in the State sector	3,490
Grant scheme for Warm, Dry Homes (grants and implementation of Warmer Kiwi Homes)		73,222 ($67.950 million for grants and $5.272 million for implementation)
Total appropriated revenue		**107,296**

3 EECA's Board

The Board is responsible for the governance and strategic direction of EECA. We have six members, with experience in energy, commerce and the public sector. The Board, via the Chair, reports to you as Minister of Energy and Resources and its members are appointed by you.

The terms of three Board members have lapsed. EECA considers (re)appointment of Board members a priority, as this would provide certainty and ensure the Board continues to draw on a range of experience.

From left: Karen Sherry (Appointed February 2017), Catherine Taylor, Deputy Chair (Appointed February 2017), Norman Smith (Appointed September 2019), Elena Trout, Chair (Re-appointed September 2019, appointed as Chair September 2019), Dr Linda Wright (Appointed September 2019), David Coull (Re-appointed February 2017).

4 EECA's Leadership team

Andrew Caseley
Chief Executive

Mark Davis
Group Manager – Corporate Services

Jo Bye
Group Manager – Marketing & Communications (Auckland based)

Dr Marcos Pelenur
Group Manager – Strategy, Insights & Regulations

Eddie Christian
Group Manager – Investment & Engagement